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SUBJECT: VIETNAM: STATE ROLE IN THE ECONOMY

1. What follows is Embassy Hanoi's effort to map out state involvement in Vietnam's economy, especially through the involvement of State-Owned Enterprises (SOEs), which are typically under the control of a ministry.

2. Goods, sectors and industries included in SOE fact sheets

Aviation
Banking
Beer
Cement
Chemicals
Coffee
Construction
Electricity
Footwear
Furniture and Wood-Based Products
Insurance
Liquor
Milk and Milk Products
Mining
Oil and Gas
Paper
Pharmaceuticals
Processed Food and Beverage
Railways
Rice
Rubber and Plastic
Securities
Ship Building
Shipping
Steel
Telecom
Textile and Apparel
Tobacco and Cigarettes

3. Explanation of Information in SOE Fact Sheets

Amount of State control: Indicates if there is a State monopoly policy, or if the sector/industry is restricted or protected in any way. Notes any major regulations, protections or developments in the industry/sector that may affect State control.

Market Share controlled by State: Reports State share of sector or industry and where possible, includes non-state shares separated by domestic private or foreign invested enterprises. Market share is defined differently within each industry (production share, share of turnover, sub sector control, etc.) and is defined for each industry. Attempts were also made to capture State control along different stages of the supply chain where appropriate (manufacturing/production, processing, distribution/transmission, trading).

Sector regulated by: Indicates body that oversees overall industry. We have attempted to note where a different agency/ministry has oversight over a specific or other major SOE.

Major SOEs: Lists the largest SOEs in each sector. This generally includes the General Corporation 90s/91s where there are ones. Where possible, the number of member or subsidiary companies under the GC 90s/91s is indicated, as well as the market share.

Key Associate SOEs: These may be large member enterprises under the GC91s/90s. These also include shareholding companies with large SOE capital.

Non-State market shareholders: This attempts to list key domestic private and foreign invested enterprises including joint venture and joint stock companies where the State might hold significant interest.

Note: In conducting this research there were significant data gaps. Data across industries are collected through different sources and even within industries it was often necessary to consult multiple sources. In other cases, ministries provided data for industries that may not have been representative nationally.

14. Aviation

AMOUNT OF STATE CONTROL: 100 PERCENT

Market share controlled by State:

Domestic flights: 100 percent
International flights: 44 percent
Cargoes: 30 percent

Sector regulated by: Civil Aviation Administration of Vietnam (CAAV) under Ministry of Transportation

Major SOE's: Vietnam Airlines

Key Associate SOE's:

Pacific Airlines (86 percent owned by Vietnam Airlines, the remaining owned by some large SOE's),
VASCO (100 percent owned by Vietnam Airlines)

Non-State market shareholders: None

15. Banking

Amount of State control: 76 - 80 percent. Vietnam has gone ahead of BTA commitments schedule to allow foreign commercial banks to establish 100 percent foreign owned banks in Vietnam from 1 October 2004. Implementing legislations are being considered.

Market share controlled by State:

Lending: 76-78 percent
Deposit: 80 percent

Sector regulated by: State Bank of Vietnam

Major SOE's:

Bank for Foreign Trade of Vietnam (Vietcombank)
Bank for Investment and Development of Viet Nam (BIDV)
Industrial and Commercial Bank of Vietnam (Incombank)
Vietnam Bank for Agriculture and Rural Development (VBARD)

Note: Vietcombank is the first state-owned commercial bank slated for equitization (this has been delayed and the timeline has not yet been finalized). The Government has instructed that Vietcombank will be restructured toward multiple-ownership but that the State must have a dominant role. The percentage share the State will retain has not yet been decided.

Key Associate SOE's:

BIDV Securities Company
Incombank Securities Company
Vietcombank Securities Company
VBARD Securities Company

Non-State market shareholders:

33 joint stock banks Market share (lending)
 10-11 percent

4 joint venture banks

VID Public Bank (50 percent BIDV)
Indovina Bank (50 percent Incombank)
ChoHung Vina Bank (50 percent Vietcombank)
Vina Siam Bank (37 percent VBARD)

27 foreign bank branches

Joint-venture banks and foreign bank branches have approximately 8-9 percent market share.

16. Beer

Amount of State control: No monopoly policy, but foreign investment halted since 2002 at PM's decision 28/2002/QĐ-TTĐ dated 2/6/2002.

Production share controlled by:

State: 62.3 percent
Domestic private: 11.6 percent
FDI: 26.1 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's:

SABECO, HABECO (hold a combined 40 percent market share)

Key Associate SOE's:

Hanoi-Haiduong Beer Joint-Stock Company

Thanh Hoa Beer Joint-Stock Company

Chuong Duong Beverage Company

Non-State market shareholders:

Heineken and Tiger (wholly foreign owned)

San Miguel, Fosters and Carlsberg (joint-ventures)

17. Cement

Amount of State control: No monopoly policy, but heavily protected with high tariff rates (currently 40 percent for imports from non-ASEAN countries)

Production share controlled by:

State: 66.8 percent

Domestic private: 3.0 percent

FDI: 30.2 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's: Vinacement. This corporation includes all central state-owned enterprises; it alone holds a market share of 47.6 percent (out of 66.8 percent shared by both central and provincial state-owned enterprises).

Key Associate SOE's: Holcim Co., (a joint-venture between Ha Tien Cement Co., a member company of Vinacement, and a Swiss company)

Non-State market shareholders: Chinfon Haiphong Cement Corporation

18. Chemicals

Amount of State control: No monopoly policy.

Production share controlled by: Since chemicals include a great variety of items, data mentioned here refer to major chemicals and chemical products, in decreasing level of State control.

Percent:	State	Non-state	Foreign-invested
Soldering stick:	100		
Chemical fertilizer:	99.7	0.3	
Sulfuric Acid:	97		3
Bicycle tubes:	80.2	3.6	16.1
Insecticide:	68.6	18.2	13.6
Bicycle tires:	61.4	8.3	30.3
Detergent:	41	8.8	50.2
Soda NaOH:	22.3		77.7
Paint:	15	18.3	66.7

Sector regulated by: Ministry of Industry (MOI)

Major SOE's: VINACHEM (Vietnam National Chemical Corporation) with 41 member companies

Key Associate SOE's:

Yokohama Vietnam

P&G Vietnam, Lever Vietnam

Yogen Mitsui Vina

ICI (Vietnam ICI Paint Joint Venture Company)

JVF (Japan- Vietnam Fertilizer Company)

TPC Vina (TPC Vina Plastics and Chemical Company)

Non-State market shareholders:

Kova Paint Co. Ltd.

Tan Dai Hung Plastics Joint Stock Co.

Note: Concerning fertilizer, there is no protection policy. The Government even encourages all sectors to be involved in manufacturing but as the profit is low so not many enterprises are interested and local production can only meet 40 percent of the total demand in the country. The rest has to be imported.

19. Coffee

Amount of State control: No monopoly policy. The Government encourages all economic sectors to make investments in the industry, encourages local enterprises to enter into joint ventures with foreign counterparts in the coffee processing industry.

Market share controlled by State:

Production share: 20 percent (80 percent belong to

farmers and plantation owners)
Share of exports: 80 percent

Note: Where there are no special conditions on the export of coffee, in order to export, enterprises need a lot of capital. Only SOEs are in a position to have large capital as they can borrow more easily. That is not the case for private enterprises. Out of the 20 percent of exports held by the private sector, FDI accounts for around 10 percent.

Sector regulated by:
Ministry of Agriculture and Rural Development (MARD)
Ministry of Industry (MOI)
Ministry of Trade (MOT)

Major SOE's:
VINACAFE (Vietnam National Coffee Corporation)
INTIMEX (INTIMEX Import- Export Corporation)
Northern Foodstuff Company

Key Associate SOE's:
Dakman Joint Venture Company

Non-State market shareholders:
Olam Company (100 percent foreign-owned)
Thai Hoa Production and Trading Co. Ltd
Trung Nguyen Coffee Enterprise

10. Construction

Amount of State control: No monopoly policy.

Market share controlled by State:
SOEs's turnover in 2004 accounted for 59.3 percent
SOEs's investment in 2003 accounted for 57.6 percent

	Percent: State	Private	FIE
Construction	56.6	42.7	0.7
Construction Materials	63.5	26.1	10.5
Consultancy Service	69.2	30.3	0.5

Note: Data in Ministry of Construction's (MOC) 2004 Annual Industry Report covers only 39 provinces.

Players in the market: Total: 7,845 enterprises (as of 2002)

Major SOEs (100 percent State owned equity):
Vietnam Construction Import - Export Corporation (Vinaconex)
Song Da Corporation

Note: All member companies of Vinaconex will be equitized in 2005. The current equitized figure is 24 of 31 members of which the State retains dominant shareholding of 51 percent.

Other SOEs:
Infrastructure Construction and Development Corporation (LICOGI)
Vietnam Machinery Installation Corp. (LILAMA)
Housing and Urban Development Corporation (HUD)
Ha Noi Construction Corporation (HACC)
Construction Corporation for the Central Region (COSEVCO)
Construction Corporation No. 1
Song Hong Construction Corporation
Vietnam Cement Corporation (VNCC)
Construction Machinery Corporation (COMA)
Industrial Development Investment Corporation (IDICO)
Vietnam Building Glass and Ceramics Corporation (VIGLACERA)
Building Material Corporation No. 1 (FICO)
Bach Dang Construction Corporation

Foreign Invested Enterprises (FIEs): 294 enterprises (as of November 2004)

Sector regulated by: Ministry of Construction

Key Associate SOE's:
Vinaconex 3
Vinaconsul
Vinata JV
Vikowa Vinaconex

11. Electricity

Amount of State control: State monopoly in transmission.
Distribution and generation is open for all sectors.

Market share controlled by State:
Electricity generation production: 96.8 percent
(Non-state: 0.02 percent; FIE: 3.2 percent)
Transmission: 100 percent
Distribution: 100 percent

Major SOEs (100 percent State owned equity):
Electricity of Vietnam (EVN) with 53 subsidiaries

Non-SOE:

Quang Ninh Thermal Power Plan
Hai Phong Thermal Power Plan
Hiep Phuoc Electricity Company
Nomura Company
Mekong Energy Company
Vedan Power Company
Bourbon Power Company

Sector regulated by: Ministry of Industry

Major SOE's: EVN

Key Associate SOE's:
Quang Ninh Thermal Power Plan
Hai Phong Thermal Power Plan

12. Footwear

Amount of State control: No monopoly policy

Percent production share controlled by:

	State	Domestic private	FIE
Shoes and leather footwear:	22.6	34	43.4
Fabric Shoes:	52.1	43.7	4.1

Sector regulated by: Ministry of Industry (MOI)

Major SOE's: LEAPRODEXIM (Vietnam National Leather and Footwear Corporation)

Key Associate SOE's:
Hanoi Shoe Joint-Stock Company
SAGODA Shoe and leather Joint-Stock Company
Viet Shoe Joint Stock Company.

Non-State market shareholders:

BITI'S
BITA'S
Cao Khai International Ltd.
Carimax Saigon Ltd.
Captopvina Vietnam Ltd.
Chang Shin Vietnam Ltd.
Chang Yang Vietnam Ltd.
Bely Enterprise Ltd.
Asia Song Production Ltd.

13. Furniture and Wood-Based Products

Amount of State control: No monopoly policy

Production share controlled by:

State: 15.5 percent
Domestic private: 69 percent
FIE: 15.5 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's: VinaFor

Key Associate SOE's:
Hai Phong Forest Products Stock Co.
Vietnam-Japan Wood Chip Co.
Co Do Stock Co.

Non-State market shareholders:

Khai Vy Ltd. Co.
Hoang Anh Gia Lai
Savimex
Scansia Pacific

14. Insurance

Amount of State control: Vietnam has agreed to allow market access for the cross-border supply of insurance services to enterprises with foreign invested capital or foreigners working in Vietnam; reinvestment services. Under the BTA after five years, 100 percent U.S.-invested insurance companies may be established. Vietnam has granted license to one U.S. insurance firm to set up a wholly foreign-owned company and recently approved license for another U.S. insurer.

Market share controlled by State

Life insurance: 43.8 percent
Non-life insurance: 79.3 percent

Sector regulated by: Ministry of Finance

Major SOE's:
Bao Viet (43.8 percent for life; 41.3 percent for non-life)
Petro Vietnam Insurance (non-life 12.8 percent)
Vinare

Note: Vinare is specialized in reinsurance services. The Law on Insurance stipulates that when an insurance company based

in Vietnam provides reinsurance to an insurance company abroad, the Vietnamese insurance company must reinsure part of the accepted liabilities (currently at a minimum rate of 20 percent) with a domestic company doing reinsurance business.

Key Associate SOE's:

Bao Minh (non-life market share 25.2 percent)

Note: Bao Minh has just been equitised and the State has retained 63 percent of shares.

Non-State market shareholders:

Life Insurance:	Ownership	Market share
Prudential	wholly foreign owned	40 percent
Manulife	wholly foreign owned	12 percent
AIA	wholly foreign owned	5 percent
BaoMinh-CMG	JV	

(5 percent is the statistic available, which combines AIA and BaoMinh-CMG market share)

Non-life insurance:	Ownership
Bao Long	joint stock
Petrolimex Insurance	joint stock
Post & Telecom Insurance	joint stock
Vien Dong JS Insurance	joint stock
Vietnam Int'l Assurance	JV (Bao Viet holds 51 percent)
United Insurance Co	JV (Bao Minh holds 51 percent)
BIDV - QBE Insurance	JV (BIDV holds 50 percent)
Samsung - Vina Insurance	JV (Vinare holds 50 percent)
Incombank-Asia Insurance	JV (Incombank holds 50 percent)
Allianz - AGF Insurance	wholly foreign owned
Groupama Insurance	wholly foreign owned

15. Liquor

Amount of State control: No monopoly policy

Production share controlled by:

State: 4.0 percent

Domestic private: 95.6 percent

FIE: 0.4 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's:

HABECO; SABECO

Key Associate SOE's:

Hanoi Liquor Company

Binh Tay Liquor Company

16. Milk and Milk Products

Amount of State control: No monopoly policy

Production share controlled by:

State: 69.2 percent

Domestic private: 0.0 percent

FIE: 30.8 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's:

Moc Chau Cattle Breeding Company

Key Associate SOE's:

Vinamilk Joint-Stock Company (75 percent market share in milk)

Nutifood Joint-Stock Company

Kinh Do Joint-Stock Company

Non-State market shareholders:

Dutch Lady Vietnam

Delta

Note: Vietnam Milk Company (Vinamilk) is the largest milk company in Vietnam. Previously, it was a wholly state-owned company. It has been equitized, but the state still retains 51 percent equity. Vinamilk holds 75 percent market share in milk sector.

Moc Chau company is the only wholly state owned company in milk area now. Its business ranges from cattle breeding to milk production. Unlike Vinamilk and other FIEs, it produces milk wholly from its own material; therefore, its market share in milk products is small.

17. Mining

Amount of State control: 45-95 percent depending on product.

Foreign investment in exploration, exploitation and processing of deep-lying minerals is encouraged.

Percent market share controlled by:

	State	Non-state	FIE
Coal mining:	95	2	3
Metal ores:	74	25	1
Stone and other mining:	45	53	2

Sector is regulated by: Ministry of Industry

Major SOEs:
 Vinacoal
 Vietnam Mining Corporation

18. Oil and Gas

Amount of State control: The State controls both the upstream (exploration and production) and downstream (transport and refining) oil and natural gas industries. For upstream activities, PetroVietnam is the only firm authorized to conduct petroleum operation. Any petroleum exploration and production activities by foreign investors must be conducted in cooperation with PetroVietnam. PetroVietnam's output percentage of 0.12 percent in extraction of crude oil and petroleum and natural gas stands for only direct state operations, while most of its operations are conducted in cooperation with foreign partners with more than 50 percent of share belonging to PetroVietnam. For imports of petroleum products, there is no monopoly policy, but only SOEs can satisfy licensing criteria due to MOT regulation of petroleum as a conditional import.

Players in the market:
 By ownership:

SOE (100 percent State owned equity):
 Vietnam National Oil and Gas Corporation (PetroVietnam)
 Petrolimex (under MOT)
 Petec (under MOT)
 PetroVietnam Trading Company (Petechim) (under PetroVietnam)
 SaigonPetro (under Ho Chi Minh City People's Committee)
 Vinapco (under Vietnam Airlines)

Non-SOE (foreign companies):
 Vietsovpetro (JV), Hoang Long Joint Operation, BHP Petroleum Vietnam (BHP), BP, ConocoPhillips, Korea National Oil Corporation (KNOC), SK Corporation, GeoPetro, Mishubishi, PetroCanada, Sumitomo, Carigali, Petronas, Talisman, Cuu Long JOC, Elf Gas, Mobil Unique (a consortium of Mobil, Mitsui, and Unique Gas & Petrochemical), PTT Exploration (PTT), Enterprise, Fina, Idemitsu, Indian Oil Petronas Ltd. (IPL), Japan National Oil, Nexen, OMV, Occidental, Pedco, Statoil, TotalFina, and Zarubezhneft.

By production stage:
 Upstream (exploration and production):
 PetroVietnam
 More than 30 foreign companies operate in cooperation with PetroVietnam

Downstream: (SOEs only)
 Petrolimex (largest importer with 60-70percent market share), Petec, Petechim, SaigonPetro, Vinapco

Liquefied Petroleum Gas (LPG):
 Saigon Petro, Petrolimex, Elf Gas, Mobil Unique

Sector Regulated By:
 Ministry of Industry (Upstream and LPG)
 Ministry of Trade (Petroleum import)

19. Paper

Amount of State control: No monopoly policy, but highly protected with high tariff rates. Tariffs currently range from 30-50 percent for various types of paper imported from non-ASEAN countries).

Market share controlled by:
 State: 33 percent
 Domestic private: 35 percent
 FIE: 2 percent
 Imported: 30 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's: Vinapimex (controlled by MOI) has 12 member companies that include the biggest ones in the sector such as Bai Bang, Tan Mai, Dong Nai and Viet Tri.

Key Associate SOE's: None

Non-State market shareholders:
 New Toyo Tissue Paper Company (FDI)
 Vinh Tien Joint-Stock Company
 Le Hoa Joint-Stock Company
 Tien Phat Co., Ltd.

120. Pharmaceuticals

Amount of State control: No monopoly policy, but manufacturing and trade subject to control by the Ministry of Health. Foreign investors are allowed to enter into JV with Vietnamese partners or to establish 100 percent foreign owned enterprises in Vietnam to manufacture and distribute pharmaceutical products in the local market. As for import activities, only SOEs are allowed to be involved; private enterprises that want to import pharmaceuticals have to ask

SOEs to do that on their behalf. Under Decision 155 issued on August 24, 2004, certain SOEs engaged in the distribution sector will be equitized, but the state will retain a controlling interest. All pharmaceutical products have to be registered with and the retail price of pharmaceuticals has to be informed to the Pharmaceutical Management Department. For the time being, the Government has allowed for parallel import.

Production share controlled by State:

Percent:	State	Non-state	FIE
Medical ampoule:	84.6	15.3	0.1
Liquid medicine:	83.7	7.9	8.4
Tablets:	83	14.1	2.9

Sector regulated by: Pharmaceutical Management Department (Ministry of Health)

Major SOE's:

Vietnam Pharmaceutical General Corporation, with 18 members

Key Associate SOE's:

Sanofi Pharma Vietnam
Rhone- Poulenc Rorer

Non-State market shareholders:

Hitsamisu
Rohto Mentholatllm
Novartis (wholly foreign-owned)
Do Thanh Pharmaceutical Co.Ltd.

121. Processed Food and Beverage

Amount of State control: No monopoly policy

Production share controlled by:

State:	38.3 percent
Domestic private:	37.6 percent
FIE:	24.1 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's:

Vifon
Vissan
Halong Canned Food Company

Key Associate SOE's:

Vifon Acecook Joint-Venture

Non-State market shareholders:

Unilever Bestfood
Pataya Vietnam Ltd.
Ajinomoto Vietnam

122. Railways

Amount of State control: Monopoly policy applied.

Market share controlled by State: 100 percent

Sector Regulated By: Ministry of Transportation

Major SOE's: Vietnam National Railways (VNR)

123. Rice

Amount of State control: No monopoly policy, but trade subject to food security control.

Production share controlled by:

	State	Non-state	FIE
Milled rice:	2.6	97.4	0.01
Rice export:	97.9	1.5	0.5

Sector regulated by: Ministry of Agriculture and Rural Development (MARD)

Major SOE's:

Vinafood

Non-State market shareholders:

Hiep thanh
Vinh Phat
Mivimex
Angimex-Kitoku

124. Rubber and Plastic

Amount of State control: No monopoly policy applied.

Market share controlled by:
Manufacture of rubber and plastic products:
State 31.1 percent
Non-state 44.2 percent
24.8 percent(production value)

Players in the market: Total of rubber and plastic
manufacturers: 806

Rubber:
Major SOE (100 percent State owned equity):
Geruco
Casumina

Non-State:
Yokohama
Inoue
Kenda
Shinfa
Veloce
Camel

Sector Regulated By: Ministry of Industry

125. Securities

Amount of State control: Vietnam has not agreed to provide
market access or national treatment for the cross-border
supply of securities-related services. Joint venture
securities companies or joint venture funds management
companies are permitted but foreign capital contribution is
currently limited at 49 percent.

Market share controlled by State: State-owned securities
firms take the majority share of underwriting services.
Joint stock securities firms take the majority shares in
stock-brokering services

Sector regulated by: State Securities Commission

Major SOE's:
BIDV Securities Company
Incombank Securities Company
Vietcombank Securities Company
VBARD Securities Company
Bao Viet Securities Company

Non-State market shareholders:
9 joint stock securities companies
ACB Securities Company
De Nhat Joint Stock Securities Company
Mekong Joint Stock Securities Company
Thang Long Securities Ltd. Company
Eastern Asia Bank Securities Company
Hai Phong Joint Stock Securities Company
Saigon Securities Company
HCMC Joint Stock Securities

1 joint venture fund management company

126. Ship Building

Amount of State control: No monopoly policy applied.

Market share controlled by State:

Ship Building in 2004: State, 80 percent; Non-State, 20
percent

SOEs account for 66 percent of the number of companies in
this sector.

Major SOEs (100 percent State owned equity):

Vietnam Shipping Industry Corporation (Vinashin)
Note: Vinashin includes 35 independent member companies, 13
dependent member companies, 6 joint venture companies, and 14
joint stock companies.

Other SOEs:
Ba Son Shipyard Company
An Phu Shipyard Company (HCM)

Key Associate SOE's:
Song Dao Marine Industry Company

Non-SOE:

Saigon Shipyard JV
Trung Hai Shipyard Company
Song Dao Marine Industry Company
Hoang Anh Marine Industry Company

Sector Regulated By: Ministry of Transportation

127. Shipping

Amount of State control: No monopoly. However, foreign investors are only allowed to establish joint venture company with maximum of 49 percent equity contribution.

Market share controlled by State:

Total capacity of Vietnamese flagged ships up to October 2004: 2.85 million dead weight tons (DWT) (accounted for 18.5 percent of Vietnam's total import and export goods)

SOEs' capacity up to October 2004: 62 percent (1.78 million DWT)

SOEs account for 57 percent of the number of companies.

Key SOEs:

Vietnam National Shipping Lines (Vinalines)

Other SOEs:

Vietnam Ocean Shipping (Vosco)

Vitranschart

Key Associate SOE's: Gemartrans JV

Non-State:

APM-Saigon Shipping JV Company

Gemartrans JV

Gemadept

Vietnam Japan International Transport Co. (Vijaco)

Vietnam Container Exploitation JV (Vinabridge)

Sector Regulated By: Ministry of Transportation

128. Steel

Amount of State control: No monopoly policy, but heavily protected with high tariff rates.

Production share controlled by:

State: 33.6 percent

Domestic private: 29.5 percent

FDI: 37.0 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's: Vietnam Steel Corporation

Key Associate SOE's:

Vina KyoEi Steel Ltd.

VSC-Posco Steel Corp.

Vinausteel Ltd.

Natsteel Vina Co. Ltd.

Non-State market shareholders: Zamil Steel Vietnam

129. Telecom

Amount of State control: Monopoly policies are applied for fix local telephone service, domestic long-distance telephone service, international long-distance telephone service, and mobile service.

Market share controlled by State:

SOEs account for 66.7 percent of the number of companies.
SOE turnover in 2003 accounted for over 99 percent.

Fixed local telephone service: 100 percent
VNPT, Viettel, SPT, ETC

Domestic long-distance telephone service: 100 percent
VNPT, Viettel, SPT, ETC

International long-distance telephone service: 100 percent
VNPT, Viettel, SPT, ETC

Domestic long-distance and international telephone service using IP protocol (VOIP):

VNPT, Viettel, SPT, ETC, Vishipel 98.1 percent
Hanoi Telecom: 1.9 percent

Mobile service: 100 percent
VNPT (MobiFone and Vinaphone) 90 percent
Vietel 4 percent
SPT (S-Fone) 6 percent

Leased Lines:

VNPT, Viettel, ETC 53 percent

FPT (equitized)	47 percent
Internet:	72.9 percent
VNPT (VDC):	51.6 percent
Netnam	6.7 percent
SPT	6.3 percent
Vietel	8.3 percent
Hanoi Telecom:	0.2 percent
FPT (equitized)	25.4 percent
OCI	1.4 percent

Sector Regulated By: Ministry of Post and Telematics

Major SOEs (100 percent State owned equity):
Vietnam Post and Telecommunications Corporation (VNPT)
Vietnam Military Telecom Company (VIETEL)
Saigon Post and Telecommunication Corporation (SPT)

Other SOEs:
Electricity Telecommunication Company (ETC)
Vietnam Shipping Telecommunication Company (VISHIPEL)
Netnam

Key Associate SOE's:
Hanoi Telecommunication Joint Stock Company (Hanoi Telecom)
Note: State-owned capital accounts for 51 percent.

Non-SOE:
FPT (Equitized: 90 percent private and 10 percent State)
One Connection Internet (OCI)

30. Textile and Apparel

Amount of State control: No monopoly policy

Production share controlled by State:
Textile 31.7 percent
Apparel 31.0 percent

Sector regulated by: Ministry of Industry (MOI); quota allocation is regulated by Ministry of Trade (MOT), in coordination with MOI

Major SOE's:
Vinatex, controlled by MOI, members consist of all centrally-state owned companies, 26 company in the North such as Hanosimex, Thang Long, Duc Giang, Chien Thang; 22 companies in the South such as Viet Thang, Viet Tien, Phuoc Long, Thang Loi, Nha Be

Key Associate SOE's:
Vinatex has nine joint-ventures with domestic companies such as Binh Minh, Sai Gon, Dong Nai, Ho Guom Joint-Stock companies, and seven joint-ventures with foreign companies such as Dona BoChang International, Donatex, Vinatex-Oriental Jade.

Non-State market shareholders:
There are more than a thousand companies, among the biggest companies are: Thai Tuan (domestic sector); Chutex, Esquel garment Manufacturing Vietnam, FashionLine, The Hoa, VinaKorea, APEX (FDI).

31. Tobacco and cigarettes

Note: As Vietnam has had to import most of tobacco so far, the data mentioned underneath refers only to cigarette manufacturing. However, beginning in 2005, a joint venture between BAT and VINATABA will specialize in producing high-quality tobacco.

Amount of State control: The Government retains monopoly over cigarette manufacturing. Under Decision 155 issued on August 24, 2004, the State will continue to retain full ownership over SOEs engaged in cigarette manufacturing. Cigarettes are an item subject to business restrictions and no imports are allowed. It is also subject to special consumption tax (45 percent if domestic materials are used and 65 percent if imported materials are used)

Production share controlled by State: 100 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's:
VINATABA (Vietnam National Tobacco Corporation)
Khanh Hoa Tobacco Company
Ben Thanh Tobacco Company
Dong Nai Tobacco Company
Binh Duong Tobacco Company
27/7 Tobacco Company

Key Associate SOE's:
Da Nang Tobacco Company (a joint venture between VINATABA and DaNang Industry Department), VINASA (a joint venture between

VINATABA and Can Tho Industry Department). In addition, there are joint venture contracts between British American Tobacco, Japan Tobacco International (JTI) and Philip Morris and VINATABA. (According to these contracts, VINATABA will manufacture cigarettes as ordered by these foreign corporations.)

Non-State market shareholders: None. The private sector is only allowed to be involved in distribution activities.
End Text.

MARINE

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